

Congress of the United States
Washington, DC 20515

Testimony by U.S. Senator Michael B. Enzi, U.S. Senator John Barrasso and U.S.
Representative Liz Cheney
U.S. International Trade Commission (ITC)

Uncoated Groundwood from Canada
USITC Inv. No. 701-TA-584 and 731-TA-1382 (Final)

July 17, 2018

Chairman Johanson and members of the Commission, we appreciate the opportunity to provide testimony regarding the ongoing investigations related to uncoated groundwood paper imported from Canada and the harm tariffs on these imports will have on America's newspaper industry.

We are deeply concerned that residents in Wyoming and in smaller cities and towns across America will lose a critical community resource. In states like Wyoming, communities rely on their local papers to provide essential coverage of local and national news, community events, and high school and college sports. Moreover, these papers are small businesses that provide good jobs and a valuable service in communities across the country. The imposition of tariffs on uncoated groundwood paper and the increased costs resulting from these tariffs may threaten their existence. Thus, we urge the Commission to take into account the devastating effects these tariffs could have on these small businesses and the communities they serve.

We are also concerned that this investigation does not appear to have the support of the industry it is supposed to be helping. As the Commission is aware, North Pacific Paper Company (NORPAC), a Washington state paper mill and one of the five U.S. paper mills, petitioned for the initiation of this investigation. While the filing of trade petitions is not unusual, we believe the facts in this case make this investigation different and notable for the Commission. The other paper mills across the United States, as well as the American Forest and Paper Industry Association, are not supporting NORPAC's petition in this investigation due to the significant harm that potential tariffs will cause the entire industry, including their newspaper customers.

Our local newspapers are already struggling to stay afloat. Over the last decade, the increased shift to digital has challenged the survival of many local newspapers. According to the Pulp and Paper Products Council, since 2000, the demand for newsprint in North America has declined by 75 percent – evidence of this trend.

In response to the preliminary findings of this investigation, the Administration has imposed tariffs on these uncoated groundwood paper imports, and the rural newspapers in our home state of Wyoming are suffering the consequences. For the Douglas Budget, a local paper in Wyoming, 6 out of their 24 jobs – 25 percent of the paper's employees - have been eliminated. We are told that the Douglas Budget may be forced to cut more jobs should the tariffs remain and their production costs continue to rise. Another Wyoming newspaper has reported their paper prices have increased 30 percent since the tariffs have taken effect.

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While national newspapers have changed their business models to a mix of print and digital in order to survive, such changes are far more difficult in small, rural communities. Due to issues like a lack of high-speed internet access, such a change is not as feasible and does not offer a solution for these community papers. For newspapers outside the coastal population centers, tariffs on uncoated groundwood paper may be the nail in the coffin of these critical local businesses.

In addition to newsprint, uncoated groundwood is used by advertisers to make advertising inserts for newspapers. According to the National News Media Alliance, retailers, pharmacies, grocery stores and other businesses are now paying higher prices for printed advertising. Less expensive digital alternatives such as social media, television and radio are more likely to force additional cuts to print advertising budgets in favor of alternative advertising methods. As a result, the newspaper is hit on both the cost and revenue side of their balance sheet. Newspaper revenues are declining as production costs increase. This is directly contributing to job losses and jeopardizing the future for many of these papers.

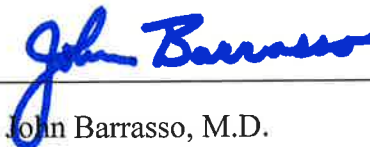
While the printed newspaper industry faces long-term challenges, there is still a demand for printed newspapers across the country, particularly in smaller towns and rural areas. We believe the local newspaper industry will adjust to the challenges of doing business in the digital age, but only if it has the ability to do so without the threat of artificially increased costs resulting from this investigation. For newspapers, it is the printed newspaper that provides the revenue to support content development and distribution across all platforms – print, digital and mobile. This case is threatening an industry and endangering good jobs that play an important role in our society and economy.

For these reasons, we have co-sponsored the Protecting Rational Incentives in Newsprint Trade (or "PRINT") Act of 2018, championed by Senator Susan Collins and Representative Kristi Noem. This bill identifies the uniqueness of this case and would suspend the tariffs on newsprint while the Department of Commerce examines the health of the printing and publishing industries. This bill is designed to ensure all impacts of this investigation are adequately considered and understood before final tariffs are imposed.

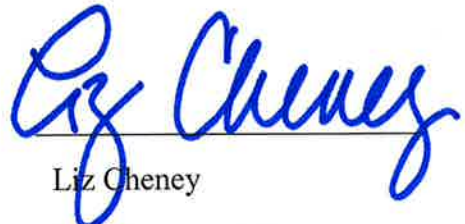
As the Commission makes its final determinations in this proceeding, we urge you to consider the unique circumstances of this case and reject implementing tariffs on uncoated groundwood. Such tariffs will inflict significant and permanent harm to small newspapers, especially in rural states like Wyoming.



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